

Monthly Market Wrap

I June 2024

Equity index returns (% local currency)

| Index | 1M | 3M | 6M | YTD | 1Y | 3Y | 5Y | 5Y Std Dev |
|----------------------|-------|-------|--------|--------|--------|--------|--------|------------|
| S&P 500 | +3.5% | +3.9% | +14.5% | +14.5% | +24.8% | +27.3% | +85.6% | 18.1% |
| MSCI World | +1.9% | +2.2% | +10.8% | +10.8% | +20.1% | +16.1% | +61.2% | 17.8% |
| MSCI World Small Cap | -2.1% | -3.3% | +0.6% | +0.6% | +8.8% | -8.8% | +29.3% | 21.6% |
| MSCI Europe | -1.1% | -0.1% | +6.9% | +6.9% | +12.0% | +13.9% | +32.3% | 15.6% |
| MSCI EM | +3.6% | +4.1% | +6.1% | +6.1% | +9.5% | -21.3% | +3.0% | 18.5% |
| MSCI AC Asia | +2.1% | +2.1% | +6.6% | +6.6% | +10.2% | -13.8% | +12.8% | 16.7% |
| SEMDEX | -1.8% | -2.0% | +3.5% | +3.5% | +7.3% | +13.7% | -0.9% | 16.6% |
| DEMEX | -1.2% | -5.8% | -9.5% | -9.5% | -3.2% | -14.7% | +6.0% | 11.8% |

Fixed income index returns (% local currency)

| Index | 1M | 3M | 6M | YTD | 1Y | 3Y | 5Y | 5Y Std Dev |
|--------------------------------|-------|-------|-------|-------|--------|--------|--------|------------|
| Barclays Global Aggregate Bond | +0.1% | -1.1% | -3.2% | -3.2% | +0.6% | -15.7% | -9.7% | 7.6% |
| Barclays US Aggregate Bond | +0.9% | +0.1% | -0.7% | -0.7% | +2.1% | -8.7% | -1.2% | 6.3% |
| Barclays High Yield bond | +0.4% | +1.0% | +3.2% | +3.2% | +12.0% | +1.5% | +14.1% | 10.8% |
| JP Morgan EMU IG Bond | +0.2% | -1.3% | -1.9% | -1.9% | +2.0% | -14.0% | -11.9% | 6.5% |
| JP Morgan EM Bond | +0.7% | +0.3% | +2.1% | +2.1% | +8.9% | -8.5% | -0.8% | 12.1% |
| FTSE Asian Broad Bond | +0.7% | +0.9% | +1.8% | +1.8% | +5.9% | -5.5% | +4.2% | 6.7% |

Commodity prices

| Commodity | Current \$ | 1M |
|-----------------------|------------|-------|
| WTI Crude Oil / Bbl | 81.54 | +5.9% |
| Brent Crude Oil / Bbl | 86.41 | +5.9% |
| Natural Gas / mmBtu | 2.60 | +0.5% |
| Copper / oz | 439.05 | -4.6% |
| Silver / oz | 29.14 | -4.2% |
| Gold / oz | 2,326.75 | -0.0% |

SEMDEX sector performance (%)

| Index | Weight | 1M |
|------------------|--------|-------|
| Financials | 46.7% | -1.9% |
| Commerce | 14.5% | -5.2% |
| Industry | 5.7% | -3.1% |
| Investments | 20.1% | +0.3% |
| Leisure & Hotels | 9.0% | +1.0% |
| Property | 3.4% | -1.6% |
| Sugar | 0.5% | +5.3% |
| Foreign | 0.1% | 0.0% |

Secondary market yields - GoM

| Tenor | 91D | 182D | 364D | 3Y | 5Y | 10Y | 15Y | 20Y |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|
| Current | 3.17% | 3.42% | 3.69% | 4.39% | 4.67% | 5.02% | 5.28% | 5.55% |
| -1M | 3.17% | 3.42% | 3.74% | 4.46% | 4.86% | 5.09% | 5.35% | 5.57% |

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Selected economic data*

| Index | Manufacturing PMI | | Service PMI | | Consumer confidence | | CPI YoY | Policy rate | Unemployment |
|---------|-------------------|------|-------------|------|---------------------|-------|---------|--------------|--------------|
| | Current | -1M | Current | -1M | Current | -1M | Current | Current | Current |
| US | 51.6 | 51.3 | 55.3 | 54.8 | 100.4 | 101.3 | 3.0% | 5.25% - 5.5% | 4.1% |
| Germany | 43.5 | 45.4 | 53.1 | 54.2 | NA | NA | 2.2% | 4.3% | 5.9% |
| France | 45.4 | 46.4 | 49.6 | 49.3 | 89.0 | 90.0 | 2.2% | 4.3% | 7.5% |
| UK | 50.9 | 51.2 | 52.1 | 52.9 | -14.0 | -17.0 | 2.0% | 5.3% | 4.4% |
| Japan | 50.0 | 50.4 | 49.4 | 53.8 | 36.6 | 36.2 | 2.8% | 0.1% | 2.6% |
| China | 51.8 | 51.7 | 51.2 | 54.0 | NA | 86.4 | 0.2% | 4.4% | 4.0% |
| India | 58.3 | 57.5 | 60.5 | 60.2 | NA | NA | 5.1% | 6.5% | 7.7% |

*based on latest available data

SBM Fund performance (% local currency)

| Fund | Currency | Strategy | NAV | 1M | 3M | 1Y | 5Y Std Dev |
|--------------------------|----------|---------------------|--------|-------|--------|--------|------------|
| SBM Perpetual Fund | MUR | Local fixed income | 239.17 | +0.3% | +1.0% | +3.8% | 0.4% |
| SBM Yield Fund | MUR | Global fixed income | 11.62 | +1.2% | +0.5% | +3.2% | 7.9% |
| SBM Universal Fund | MUR | Multi-asset | 35.09 | +1.7% | +2.2% | +11.7% | 8.4% |
| SBM Growth Fund | MUR | Global equities | 16.38 | +3.3% | +3.4% | +18.4% | 14.1% |
| SBM India Fund (Class B) | USD | Indian equities | 195.77 | +6.8% | +12.4% | +37.3% | 26.4% |

Commentary

The SEMDEX and DEMEX closed at 2,108.82 and 241.96 points, equivalent to respective returns of -1.8% and -1.2%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX, were SBMH, ALTG, and NMHL, while the main laggards were MCBG, IBLL and MUAL. The top three price gainers were ALTG (+8.6%), MCFI (+7.9%) and MTMD (+5.3%), while the main detractors were MUAL (-17.1%), BLL (-12.2%) and GML (-10.7%). The price-earnings ratio and dividend yield of SEMDEX stood at 6.66x and 4.33%, respectively as at 30 June against corresponding figures of 6.74x and 4.21% as at 31 May. During the month, foreigners were net buyers on the local bourse, though to a lower tune of MUR 21.2M (vs. MUR 46.3M in May-24), mainly driven by MCBG, PBL and ENLG.

International equities continued its uptrend, driven by optimism over a resilient US economy, improving corporate earnings and the potential start of rate cuts; the MSCI World index posted 1.9% MoM.

The S&P 500 index surged 3.5% in June, hitting its 30th record this year, as a rally in several tech companies drove the market to all-time highs. 5 out of the 11 major industry groups recorded positive returns, led by Information Technology, Consumer Discretionary and Communication Services. Growth stocks outperformed their value counterparts, with the S&P Growth index registering a gain of 6.9% versus -0.8% for the S&P Value index. The S&P Global US Purchasing Managers' Index (PMI) ticked up to a 3-month high of 51.6 in June against 51.3 in May, signalling a modest improvement in business conditions; growth momentum, however, remained weak amid the relatively muted demand environment in the domestic as well as international markets. Although input costs rose sharply on account higher labour costs and supplier charges, the inflation rate eased to a 3-month low.

Eurostoxx 50 index posted -1.8% MoM, weighed down by the snap elections in France. The CAC 40 index fell by 6.4% amid political uncertainty and concerns about the fiscal outlook, while the FTSE MIB and DAX 30 indices recorded respective performances of -3.9% and -1.4%. Growing speculation that the tech rally may be running out of steam also weighed on sentiment. The Eurozone manufacturing sector recorded a renewed setback, with production falling at its fastest rate since the start of the year; PMI declined from May's 14-month high of 47.3 to 45.8 in June, reflecting accelerated deteriorations in demand conditions. In the UK, the FTSE 100 index registered -1.3% MoM. June marked another month of expansion in the manufacturing sector, with both output and new order growth sustained at robust rates, mainly driven by the domestic market. PMI clocked at 50.9 in June, down slightly from the 22-month high of 51.2 in May. Input cost inflation rose to a 17-month high on account of rising energy and freight prices.

The Nikkei 225 index gained 2.8% MoM, supported by the Japanese yen's weakness against the US dollar. Manufacturing output maintained its expansion trend, with the PMI reading at the 50 neutral mark (May 2024: 50.4), supported by sustained job creation, backlog clearing and improvement in lead times. Demand conditions, however, remained subdued as evidenced by the marginal contractions in new orders and international sales. Input cost pressures heightened to a 14-month high due to higher copper, oil, transportation, and labour costs.

Emerging markets' equities outperformed developed markets after the MSCI Emerging Markets index added 3.6% in June. The CSI 300 index registered -3.3% MoM in local currency and -3.6% in USD. The Chinese manufacturing sector maintained its expansion trend in June, supported by rising new orders; PMI increased from 51.7 in May to 51.8 in June, indicating an eighth successive month of improved operating conditions. In India, the BSE Sensex rallied by 6.9% MoM. Manufacturing activity accelerated, recovering some of the ground lost in May, with PMI posting nearly 5 points above its long-run average at 58.3 in June (May 2024: 57.5). Output and new orders expanded sharply, buoyed by solid demand from both domestic and external clients. On the prices front, cost pressures receded from May but remained at elevated levels; as a result, firms passed on the costs to customers, increasing selling prices to the greatest extent in over two years.

At fixed income level, the Barclays Aggregate Bond index registered 0.1%. The 10-year US Treasury declined by 10bps to 4.40% in June. During its June meeting, the US Federal Reserve unanimously voted to keep policy rates steady for the seventh time in a row, leaving the Fed Funds Target Rate unchanged at 5.25% - 5.50%. Chairman Jerome Powell acknowledged the "modest further" inflation progress and announced that the Fed will continue to maintain the slower pace at which it is reducing the size of its balance sheet. The European Central Bank (ECB) delivered on the rate cut pledge, lowering the key ECB interest rates by 25bps at its June meeting. Accordingly, the interest rate on the main refinancing operations, on the marginal lending facility and the deposit facility decreased to 4.25%, 4.50% and 3.75%, respectively.

On the commodity side, the S&P GSCI index rebounded by 1.4% following a rise in oil prices. Brent and WTI powered higher after falling into negative territory last month, registering 5.9% MoM as investors assessed the potential fallout from rising geopolitical tensions. A drawdown in US crude inventories also extended the rally. The price of natural gas marginally rose by 0.5% as high storage levels weighed on prices. Within industrial metals, the price of copper declined by 4.6%, while silver shed 4.2% MoM. The yellow metal traded at \$2,327 an ounce, registering a flat performance for June.

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